

Water and Light Advisory Board
April 5, 2007

A meeting of the Water and Light Advisory Board was held April 7, 2007 at 7:00 a.m. at the Administration office downtown. Attending the meeting were:

John Conway, Chair
Tom Baumgardner, Vice Chair
Ernie Gaeth, Member, Member
Greg Macias, Member
Robert Roper – Member,
Dan Dasho, Water and Light Director
Mike Schmitz, Engineering Manager
Floyd Turner, Manager of Water Operations
Dan Stokes, Electric Distribution Manager
Tad Johnsen, Power Production Superintendent
Jim Windsor, Manager Rates/Fiscal Planning
Marilyn Thorpe, Administrative Support Supervisor

Win Colwill, League of Women Voters - visitor
Dick Parker - visitor

APPROVAL OF THE MARCH 1, 2007 AND THE MARCH 7 SPECIAL MEETING MINUTES:

The minutes of the March 1, 2007, meeting were approved by voice vote on a motion by Bob Roper and second by Greg Macias. The Special meeting minutes of March 7, 2007 were approved by voice vote with a motion by Bob Roper and second by Greg Macias.

FINANCIAL REPORT: The Board received the monthly financial statements ending February 28, 2007, generated by the Finance Department.

Water and Electric Utility combined operations reflect an operating income of \$3,089,183 for the five months ended February 28, 2007; compared to an operating income of \$2,106,578 for the same period last year. This is an increase of \$982,605.

The Water Utility has an operating income of \$435,941 for the five months ended February 28, 2007; compared to an operating income of \$168,429 for the same period last year. This is an increase of \$267,512 in operating income.

The Electric Utility has an operating income of \$2,653,242 for the five months ended February 28, 2007; compared to an operating income of \$1,938,149 for the same period last year. This is an increase in operating income of \$715,093.

POWER PLANT REPORT:

- a) RFP for Integrated Resource Plan – Dan reported that the RFP would be going out to bidders in April. Board and staff agreed that the RFP should be sent out to all interested parties even to those who might have a financial interest in the outcome of the Request for Proposal.
- b) Response to Short-term Supply Needs – Dan told the Board that a change had to be made regarding the contract with Edison Mission. This contract had been recommended by the Board at the March 7 Special Meeting. He said in the time between the meeting and the day of the Council meeting the price had gone up from \$86.5 million to \$95 million. He said he contacted Ameren and was quoted a price of \$89 million but the price was only good for one day. Dan said he discussed the matter with the City Manager and then presented the facts to the Council at their pre-council meeting. The council approved the deal with Ameren at the regular council meeting that night. Dan explained that it was almost impossible in the new market place to handle business decisions in the fashion that has been done in the past. He said decisions need to be made quickly because time delays can cost millions of dollars. Dan said it was time to consider ways to improve the decision process for future arrangements.
- c) Power Supply – Tad Johnsen told the Board that the combustion turbine at the power plant had been taken off line and inspected. He said that it was in amazingly good shape considering it had been put on line in 1963. Tad said it should be up and going again in two to three weeks. He also mentioned that the bag filters in the bag house would be replaced as they were nearing their life cycle.
- d) Risk Management – Jim Windsor discussed Energy Risk Management. He presented slides showing summer load and market prices. He talked about available resources including when higher price sources like Columbia Energy Center would be used. Jim discussed the various products that can be purchased on a monthly basis, such as a product that covers 16 hours per day during the five week days. He indicated that staff would be coming back to the Board with proposed policies and procedures regarding Energy Risk Management. Dan Dasho indicated that the MISO market makes Energy Risk Management something that W&L must practice. In addition, bond rating agencies are interested in how utilities are addressing Energy Risk Management. Dan told the Board that he, Tad Johnsen and Jim Windsor had traveled to Jacksonville, Florida last week to meet with TEA regarding risk management.

ENGINEERING:

- a) 36" Water Main – Mike Schmitz said the 36" water main tie-in would occur the week of April 16. The main will be charged ad chlorinated. Mike said there would be a bid opening today for the new 36" well field line. He said construction would start after Council approval. The line will cross the Missouri Department of Conservation land. He said it will provide another supply for the Water Treatment Plant.
- b) 161 kV Line Update – Mike said Raul Walters was still protesting the condemnation of his property. He said the Board would be kept informed of the progress in the case.

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WATER DIVISION: Floyd Turner said the Water Treatment Plant Open House would be May 9, 2006. It will run from 4:00 p.m. to 6:00 p.m. Dan said the Ombudsman from DNR and the new Council members will be invited.

ELECTRIC DIVISON: Dan Stokes said the final touches on the dispatch system at the Heuchan Building were underway. Staff suggested that the Board meeting be held at the Heuchan Building once everything is finished.

UTILITY SERVICE DIVISION REPORT:

- a) PURPA Hearing Update – John Conway told the Board that the second PURPA hearing had been held March 27. He said the topic was Fuel Diversity and Fossil Fuel Efficiency. He said the next meeting would be April 24 and reminded the Board that a quorum was needed for the meeting. Bob Roper said he would not be able to attend on that date.
- b) Distributed Generator Update – Dan said approval from the Council had been given for the Missouri Book Services generator. He said staff would present the Council with the State Farm proposal at their next meeting.
- c) Landfill Gas Ground Breaking – Jefferson City – Dan told the Board the ground breaking ceremony at Ameresco in Jefferson City would be April 26. He said e-mails would be sent to the Board with the time and place.

NEW BUSINESS: Comment was made by a Board member regarding under grounding of utility lines and the expense involved with it. Dan said that under grounding would be discussed at Council retreat.

OLD BUSINESS: Northing to report

Next regular meeting date: May 3, 2007

Meeting adjourned at 8:10 a.m.

Respectfully submitted,